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Seven Points for a Reconstruction Labor Policy

By V. EVERIT MACY

A YEAR and a half ago we were little prepared for war. Our form of government, our habits of life, were based on peace requirements. Our entry into the war came with short notice, only two months elapsing between the introduction of ruthless submarine warfare and the declaration of war.

Now, apparently, we are as little prepared for an orderly return to peace as we were for war. Here again the possibility of such a changed condition has been evident for not much more than two months. The new feature in the past war was that victory required not only a fighting force with high morale, but an industrial force behind the line with an equally high morale and unlimited raw materials. In order to keep a well-equipped and well-fed army of two million men in Europe, it was necessary to have an organization of twelve to fifteen million men in war industries and transportation.

Just as an army cannot fight in the field without thorough organization, an industrial army cannot produce the necessary supplies without organization. It has been our pride that our government has not attempted to control or direct our industrial activities. It was no small task, therefore, to organize and of necessity, centralize control of the industrial life of one hundred million people accustomed to regulate their own affairs individually. The mere size of the country with widely varying conditions made the task seem almost impossible of accomplishment.

The longer the war continued, the more apparent became the necessity for control and centralization, and like other countries we learned that "business as usual" was just as impossible as "live as usual" or "think as usual."

Even after a year and eight months our industrial war machinery is not sufficiently complete in its control to prevent an excessive labor turnover, and consequently inefficient production.

It is only necessary to mention a few of the various agencies by means of which the government has exercised control and centralized responsibility, to realize how far we have travelled from

our ways of peace. As an example, we have the War Industries Board and its control over all raw supplies, the War Trade Board controlling all foreign commerce, the Fuel Administration, and the several labor adjustment agencies.

What we must now realize is that it will probably take us longer to return to our former peace conditions in industry than it has required for us to develop a smooth-working war machine. It takes less time to consolidate and centralize than to separate a consolidation into its component parts, or to decentralize. We now have the famous problem of "unscrambling the eggs."

Most of the legislation, executive orders or agreements creating these controlling bodies provide for their dissolution, either upon the termination of the war or shortly thereafter. If these stabilizing forces are at once removed will not Europe, short of food, fuel, and all necessities, be willing to sweep our country clean of all supplies? Unless our exports are controlled, will the poorest countries and those that have suffered the most get their share? Can they afford to enter a scramble of such unlimited bidding as will result from the removal of all government regulation? Will our own industries be aided or hindered if each manufacturer is free to bid for his materials and labor as he thinks best? Could anything but utter chaos result from any such attempt to immediately return to pre-war conditions?

No phase of our industrial problem will be more difficult to readjust than that of labor, for labor includes the human problem. Whether the coming changes to peace conditions are made with a minimum of friction depends entirely on whether a spirit of coöperation is shown by the conservative and constructive labor leaders and large employers in working together with existing government agencies. It cannot be accomplished by any one of these three interested parties alone.

From my experience during the past year and a half I would emphasize the following points:—

1. The War Department, Navy, Shipping Board, and Labor Department should consult together as to what contracts involving purely war material should be immediately cancelled and what contracts for products having peace values should continue. For instance, the need for ships is still so pressing that this industry might be speeded up, thus providing work for many men

thrown out of employment by the cancellation of ammunition or aeroplane contracts. The housing program in overcrowded cities could well be continued. The indiscriminate cancellation of contracts cannot but result in dangerous unemployment, great financial loss to employers and waste of government money. The government cannot suddenly throw into the streets large bodies of men who have previously been earning unusually high wages without producing among them a strong feeling of resentment and unrest.

2. The National Employment Service should be strengthened and extended to aid in transferring men and women from war to peace industries.

3. Careful plans should be developed for the placement of the 4,500,000 soldiers before they are demobilized.

4. Better organization among the employers is necessary, for without organization there can be no real leadership and no constructive program can be carried out. It would also seem most essential that where associations of employers do exist, the membership should have a greater sense of loyalty to that association. They can learn much from the members of the labor organizations in the way of sinking their personal interests for the good of all in the industry. The industries in which capital and labor are both well organized and work under trade agreements, are the ones in which the fewest labor difficulties occur.

5. It is obvious that a people will not be content to sacrifice their all for democracy in a war, and when peace is won have nothing to say about the terms and conditions under which they spend half their waking hours. Whether we like it or not, whether we are going in the right direction or not, we are living in a period of organization. The day of unrestricted individualism is gone. There is no more reason to insist that those whose labor is their capital should deal as individuals than that each capitalist should be in business by himself. If people have a right to pool their cash capital in a corporation, the laborers have the same right to pool their labor capital in a union and deal collectively.

If an employer does not wish to enter into an agreement with a union, that is his privilege, but he certainly cannot justly refuse to enter into an agreement on wages and working conditions with a committee representing his own employes. In dealing with a

recognized union the employer has the advantage of knowing the union is protecting him from unfair competition as to wages and hours by competing firms, while a committee of his own employes can give no such guarantee. If the employers and men in an industry are thoroughly organized, wages and conditions can thus be stabilized and the turnover of labor caused by the men changing from shop to shop to get better wages can be avoided.

It must be remembered that early in the war a committee of six employers, representing the National Conference Board, and six representatives of organized labor drew up a series of principles for the guidance of the government during the war. One of these principles was that no man should be denied the right to join a union. All government labor adjustment agencies have recognized this principle and the consequence has been that since the fear of being discharged or discriminated against for belonging to a union has been removed, hundreds of thousands of men and women have become members of labor organizations. The employes in many industries, who before the war were not members of a trade union, are now fully organized.

A serious danger created by this rapid increase in union membership is that the new recruits to unionism are not disciplined in the methods or responsibilities of organization, and like all new converts will be apt to resort to fanatical and unwise measures. It is in backing the strong and conservative leaders of old and well-managed unions that employers can do most to safeguard their own interests and the welfare of the nation. Otherwise, with their new and untried power, the leadership of the unions may pass into radical and irresponsible hands. If we are to have a comparatively smooth return to peace conditions in industry, these facts must be recognized.

Most of the friction arising between employers and labor organizations is due to the arbitrary attitude of some foreman who is jealous of his dignity, or of similarly stupid action on the part of local union officials who wish to display their importance. If the men and the employers are well organized and deal with each other as national or district organizations, friction would be much reduced. As a rule the more important the position held by a man the greater his knowledge, the broader his vision and the wider his experience. As he assumes responsibility he becomes

conservative. As long as labor questions are left to men in subordinate positions, whether in a plant or union, men with very limited experience or opportunities, one is bound to meet with ignorance and prejudice.

6. Just as it has been impossible during the war, and will be impossible immediately on the return of peace, to permit the free play of the law of supply and demand, and has therefore been necessary to control the price of raw materials or finished products, so will it be disastrous to leave the questions of wages and hours to be determined by this same law. There is not a sufficient supply of labor to meet the demands of industry, for while millions of men are still in the army and immigration is cut off, the shortage will probably continue. If all labor adjustment agencies are at once suspended and each employer is left free to bid as he chooses, men will be drawn from shop to shop at ever increasing prices and a lessened output, due to the constant shifting.

In applying the law of supply and demand to the supply of labor, people forget that labor is not like raw material, for labor cannot be separated from the individual who performs the labor. The law of supply and demand can only apply, therefore, within certain limits. A man, in order to render an efficient return for the wage he receives, must have sufficient food, rest, reasonable conditions for his family and some relaxation. His wage cannot go below a certain point and permit of his retaining his productivity. Wages must therefore bear some relation to the cost of living. We cannot expect a general and sudden drop in present wages unless there is a corresponding lowering in the cost of living. In many occupations, however, owing to the pressure of war and the lack of sufficient government control, wages have risen far in excess of the increased cost of living and out of all proportion to the value of the service rendered. The only stabilizing influences have been the various government boards, whose duty it has been to adjust wages. The employers, on the other hand, have been the most demoralizing influence and on their shoulders must rest the responsibility for any excessive wages that are now being paid. They have evidently thought that by doubling the wage they could double the number of available men. They have followed the policy of simply bidding higher and higher without regard to whether the men were drawn from non-essential industries

or the most important war work. Where the government agencies have tried to restrain this practice, the employers have resorted to deception. They have classified men as helpers when they were doing laborers' work; as skilled mechanics, when they were helpers; called them foremen when they were doing mechanics' work; paid them for more work than was actually done, offered excessive payment for overtime; and permitted the men to lay off during regular hours and week-days, so as to enable them to work more overtime and on Sundays at extra pay. These are some of the methods employed to draw men to a particular plant at the sacrifice of production.

You may ask how the employer could afford such practices. He could not in normal times, under normal competitive conditions. Remember, however, that the government required the labor of more men in war industries than there were men. The employer did not have to sell his goods on a competitive market, for the government was taking all he could produce and demanding more. The government was therefore paying the bill, including the excessive wage. An employer apparently argued that if he could get the reputation of being liberal while his competitor adhered to a lower scale of wages, he would get the best and greatest number of men and so could turn out more war material and make more profits. He did not stop to think that by so doing he might draw men from equally important war work. These facts explain much of the cause for the present high average of earnings.

The employers who had direct contracts with the government, and therefore had to abide by wage scales fixed by government agencies, were at a disadvantage, owing to the uncontrolled bidding up of wages by subcontractors who had no direct government contact and were therefore not held to any particular wage scale. An excellent example of such a situation is that of the coppersmith trade, in the shipyards. The Shipbuilding Labor Adjustment Board fixed, in April, seventy-two and one-half cents an hour for the coppersmiths in the yards on the Atlantic Coast. The outside shops at once bid eighty-five cents and ninety cents an hour and took seventy-five per cent of the coppersmiths out of the shipyards, with the result that the shipyards were compelled to sublet their coppersmith work to outside shops. These shops

were not equipped with the expensive machinery necessary to perform the work efficiently, so that each coppersmith could produce less in a day than if he had remained in the shipyard. If, however, the Labor Adjustment Board had authorized an increase in the scale to meet the outside shop rate, the subcontractors would merely have advanced their rates ten or fifteen cents more, for the number of coppersmiths was limited and there were no more to be had. Thus, through the competition of employers for labor, the government was compelled to pay an exorbitant price for all coppersmith work used in the construction of ships. The same situation was more or less true in all other crafts.

7. While a law requiring compulsory arbitration is of little value where large numbers are involved, as it is impossible to punish thousands of violations, there is much to be gained by an agreement between employers and unions to arbitrate all grievances. It would seem, therefore, that one of the most effective means of obtaining a rapid and orderly change in industry from war conditions to those of peace would be the establishment of boards of arbitration composed of representatives of organized employers and organized labor, with an agreement that no strike or walkout should take place. As soon as the government ceased to take the greater part of the output of any industry, then the Government Labor Adjustment Agency, having jurisdiction in that field, should be dissolved. The responsibility for maintaining peace and production in that industry should then be placed in a board of employers and employes as described above. As long, however, as the government interest is paramount, the present government boards should remain.

Never has there been a time when clear thinking and patience, together with a willingness to submerge one's personal interests in the welfare of the nation, were more necessary. Unless our citizens as a whole prosper, we cannot prosper as a nation.